

Commonwealth of Massachusetts
Department of Telecommunications and Energy
Fitchburg Gas and Electric Light Company
Docket No. D.T.E. 02-24/25
Record Request Response

Record Request No.: AG-RR-28

Referring to AG-7-7 (electric), please indicate whether FG&E has any change-in-control agreements that have termination provisions, and if so, provide a copy of that agreement. Please indicate whether Unitil Service Corp. has any change-in-control agreements that have termination provisions, and if so, provide a copy of that agreement.

Response:

Fitchburg Gas and Electric Light Company does not have any Change In Control Agreements that have terminations provisions. It does however participate in the Unitil Corporation Severance Pay Plan which could provide for payments to employees if certain circumstances occur in the event of a Change In Control. Details of these circumstances and payments are in the Plan document (Attachment 1). In industry human resources parlance, an employee termination contract is distinct from a Severance Pay Plan. In particular, a termination contract eases the tensions between the Company and an employee that may occur at termination. It is a post-employment agreement where the Company agrees to pay salary and benefits for a defined length of time in consideration for the employee's agreement not to bring a lawsuit against the Company based on the ending of the employment relationship. In contrast, the Severance Pay Plan is an ERISA-defined benefit plan that is triggered only in the event of certain types of terminations ("a qualifying termination"). In order to receive these benefits upon a qualifying termination, the employee needs to execute an Agreement and General Release. However, there would be no termination contract without both a qualifying termination and without the agreement of the eligible terminated employee to execute the contract.

Unitil Service Corp. has two different Change In Control Agreements. An old version which provided 3 years of pay and benefits in the event of a Change In Control (see Attachment 2), and a new version which provides 2 years of pay and benefits in the event of a Change In Control (see Attachment 3).

The executives covered by these agreements are listed in Attachment 4 (confidential), which is provided in single copy to the Hearing Officer and to the parties that have signed confidentiality agreements because it is deemed confidential by FG&E. A Motion for Confidential Treatment is filed herewith.

Person Responsible: Mark H. Collin

Unitil Corporation Severance Pay Plan

Purpose:

The purpose of the Severance Pay Plan (the "Plan") is to encourage employees to make and continue careers with the Company by providing eligible employees with certain severance pay benefits upon termination of employment for the Company's convenience, or following a change in control of the Company.

Eligibility:

All employees of the Company and its subsidiaries who are not covered by a collective bargaining agreement between the Company and any union.

Definitions:

"Termination" means any termination of your employment by the Company or a subsidiary other than:

- a) a termination for Cause
- b) an Involuntary Termination
- c) a termination resulting solely from the disposition of any subsidiary or division, other than by dissolution or liquidation.

Termination does not include a termination initiated by you, even if such termination is induced by special payment or benefit made or provided by the Company or any subsidiary, or through one or more of their benefit or compensation programs.

"Involuntary Termination" means any termination of your employment by the Company or a subsidiary within one year after a Change in Control, either:

- a) by the Company or a subsidiary, other than for Cause or solely as a result of a sale or divestiture, but not a dissolution or liquidation of any subsidiary or division prior to an unapproved Change in Control.
- b) by you within 180 days after any material reduction in your responsibilities or authority, reassignment to another location more than 50 miles from your place of employment, or reduction in your compensation.

"Cause" means any serious or willful misconduct in respect to your obligations to the Company or any subsidiary, including but not limited to conviction of a felony or committing a common law fraud that could result in material economic damage to the Company or any subsidiary.

"Years of Service" means a period of 12 consecutive months, commencing on or after your most recent date of hire during which you have been credited with service for vesting purposes under the Unitil Corporation Retirement Plan. Any fraction of a month shall be credited as a full month.

"Change in Control" means any of the following:

- a) the acquisition by any party or parties of ownership of 25% or more of the Company's voting shares;
- b) the acquisition by any party or parties of ownership of 25% or more of the Company's voting shares pursuant to a tender offer or exchange offer;

- c) the occurrence of a transaction requiring shareholder approval for the acquisition of the Company through purchase of stock or assets, merger or otherwise; or,
- d) an election during a 25-month period or less of a majority of the members of the Board of Directors, with or without the approval of two-thirds of the Board of Directors in office at the beginning of the 25-month period.

Severance Benefits Upon Termination:

In order to receive severance payments, employees must agree to sign an Agreement and General Release. The Agreement and General Release is a legal document in which the Employee and the Company promise not to sue each other, not to disclose information about each other, and not to damage each others' reputation. Employees who suffer a Termination and who sign the Agreement and General Release are entitled to severance pay in the amount determined from the following schedule:

For Each of the Following Full Years of Service Completed Before Termination	Severance Pay (Number of Weeks of Base Pay)
The First 10 Years	2 weeks per year
Years 11 +	2 ½ weeks per year

The minimum payment is two (2) weeks base pay, payable after 3 months of service but less than one full Year of Service. For employees in salary grade 20 and above, the minimum severance payment is twenty-six (26) weeks. The maximum payment for all eligible employees is fifty-two (52) weeks.

Severance Benefits Upon Involuntary Termination:

If an employee suffers an Involuntary Termination, severance payments are calculated based upon payroll status according to the following schedule:

Payroll Status	Severance Payment
Hourly (non-exempt)	13 weeks plus 2 weeks for each Year of Service up to a maximum of 52 weeks
Salaried (exempt)	52 weeks

Method of Payment:

Severance payment will be made according to the Company's normal pay practices (monthly, semi-monthly, weekly) in an amount equal to the employee's normal base rate of pay. Payments begin on the date following termination (subject to the terms of the Agreement and General Release) and end after all payments have been made.

If there is a Change of Control and an employee suffers an Involuntary Termination, payment will be made in a single lump sum within 20 days after the Involuntary Termination.

The Company may withhold federal, state and local taxes as well as loan repayments, insurance premiums, garnishments, or other deductions that the Company is required by law to withhold.

Employee Benefits During Severance:

Medical, dental and life insurance continue while an employee is receiving severance payments, with the Company and employee each contributing towards the cost as if the employee were still actively employed. Other benefits, including pension, 401(k), long term disability insurance, accidental death and dismemberment, etc. end effective with the employee's last day of active employment. Medical and dental benefits end immediately upon enrollment in another employer's medical and dental insurance plans.

If there is a Change of Control and an employee suffers an Involuntary Termination, the Company will calculate the value of Company contributions to benefits that the employee would have received during the period of severance payments, and this value will be paid in a lump sum along with the lump sum severance payment.

Rights Under ERISA

As a participant in the Unitil Corporation Severance Pay Plan, you are entitled to certain rights and protections under the Employee Retirement Income Security Act of 1974 (ERISA). ERISA provides that all plan participants shall be entitled to:

- Examine, without charge, at the plan administrator's office and at other specified locations, such as worksites and union halls, all plan documents, including insurance contracts, collective bargaining agreements and copies of all documents filed by the plan with the U.S. Department of Labor, such as detailed annual reports and plan descriptions.
- Obtain copies of all plan documents and other plan information upon written request to the plan administrator. The administrator may make a reasonable charge for the copies.
- Receive a summary of the plan's annual financial report. The plan administrator is required by law to furnish each participant with a copy of this summary annual report.

In addition to creating rights for plan participants, ERISA imposes duties upon the people who are responsible for the operation of the employee benefit plan. The people who operate your plan, called "fiduciaries" of the plan, have a duty to do so prudently and in the interest of you and other plan participants and beneficiaries. No one, including your employer, your union, or any other person, may fire you or otherwise discriminate against you in any way to prevent you from obtaining a welfare benefit or exercising your rights under ERISA. If your claim for a welfare benefit is denied in whole or in part you must receive a written explanation of the reason for the denial.

You have the right to have the plan review and reconsider your claim. Under ERISA, there are steps you can take to enforce the above rights. For instance, if you request materials from the plan and do not receive them within 30 days, you may file suit in a Federal court. In such a case, the court may require the plan administrator to provide the materials and pay you up to \$100 a day until you receive the materials, unless the materials were not sent because of reasons beyond the control of the administrator. If you have a claim for benefits which is denied or ignored, in whole or in part, you may file suit in a state or Federal court. If it should happen that plan fiduciaries misuse the

plan's money, or if you are discriminated against for asserting your rights, you may seek assistance from the U.S. Department of Labor, or you may file suit in a Federal court. The court will decide who should pay court costs and legal fees. If you are successful the court may order the person you have sued to pay these costs and fees. If you lose, the court may order you to pay these costs and fees, for example, if it finds your claim is frivolous. If you have any questions about your plan, you should contact the plan administrator. If you have any questions about this statement or about your rights under ERISA, you should contact the nearest office of the Pension and Welfare Benefits Administration, U.S. Department of Labor, listed in your telephone directory or the Division of Technical Assistance and Inquiries, Pension and Welfare Benefits Administration, U.S. Department of Labor, 200 Constitution Avenue N.W., Washington, D.C. 20210.

Name, Address and Telephone Number of Plan Sponsor:

Unitil Corporation
6 Liberty Lane West
Hampton, NH 03842
(603) 772-0775

Name, Address and Telephone Number of Plan Administrator:

Director, Human Resources
Unitil Corporation
6 Liberty Lane West
Hampton, NH 03842
(603) 773-6490

Name and Address for Service of Legal Process:

Chairman & CEO
Unitil Corporation
6 Liberty Lane West
Hampton, NH 03842

Plan Year: January 1 through December 31

Employer Identification Number: 02-0381573

Plan Number: 505

UNITIL CORPORATION
SEVERANCE AGREEMENT

THIS AGREEMENT, dated this 14th day of February, 1989, made effective as of the date on which a Change in Control (as defined in paragraph 2) occurs, by and among UNITIL Corporation ("UNITIL"), a New Hampshire corporation, UNITIL Service Corp., a New Hampshire corporation and a wholly-owned subsidiary of UNITIL ("Subsidiary") (UNITIL and Subsidiary are herein referred to collectively as the "Company") and having an address at (the "Employee").

WITNESSETH THAT:

WHEREAS, the Employee is an employee of the Company and an integral part of its management who participates in the decision making process relative to short and long-term planning and policy for the Company;

WHEREAS, the Board of Directors of UNITIL, at its meeting on September 16, 1988, determined that it would be in the best interests of UNITIL, its shareholders and the Employee to assure continuity in the management of the Company's administration and operations in the event of a Change in Control by entering into an employment agreement to retain the services of the Employee, and the Board of Directors of Subsidiary, at its meeting on September 23, 1988, made the same determination; and

WHEREAS, the Employee agrees to the amendment and restatement of the previously described employment agreement as set forth herein and as approved by the Board of Directors of UNITIL at its meeting on January 17, 1989.

NOW, THEREFORE, it is hereby agreed by and between the parties hereto as follows:

1. Employment. The Company agrees to continue the Employee in its employ and the Employee agrees to remain in the employ of the Company for the period stated in paragraph 4 hereof and upon the other terms and conditions herein provided.

2. Change in Control. The term, "Change in Control," shall mean the occurrence of any of the following:

(a) UNITIL receives a report on Schedule 13D filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (hereinafter referred to as the "Exchange Act"), disclosing that any person, group, corporation or other entity is the beneficial owner, directly or indirectly, of twenty-five percent or more of the outstanding common stock of UNITIL;

(b) any person (as such term is defined in Section 13(d) of the Exchange Act), group, corporation or other entity other than UNITIL or a wholly-owned subsidiary of UNITIL, purchases shares pursuant to a tender offer or exchange offer to acquire any common stock of UNITIL (or securities convertible into common stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person, group, corporation or other entity in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of twenty-five percent or more of the outstanding common stock of UNITIL (calculated as provided in paragraph (d) of Rule 13d-3 under the Exchange Act in the case of rights to acquire common stock);

(c) the stockholders of UNITIL approve (i) any consolidation or merger of UNITIL in which UNITIL is not the continuing or surviving corporation or pursuant to which shares of common stock of UNITIL would be converted into cash, securities or other property, or (ii) any sale, lease, exchange or other transfer (in

one transaction or a series of related transactions) of all or substantially all the assets of UNITIL; or

(d) there shall have been a change in a majority of the members of the Board of Directors of UNITIL within a 25 month period unless the election or nomination for election by the UNITIL's stockholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the 25 month period.

Notwithstanding anything to the contrary in the foregoing, a "Change in Control" shall not mean or be construed to be a transaction solely pursuant to which Pitchburg Gas and Electric Light Company ("FG&E") becomes a direct or indirect wholly-owned subsidiary of UNITIL, whether by way of a merger with a subsidiary of UNITIL or otherwise.

3. Position and Responsibilities. During the period of employment hereunder, the Employee agrees to serve the Company in an executive capacity. Such service shall involve duties and responsibilities at least equal in importance and scope to those of the Employee's position immediately prior to the effective date of this Agreement, as the Board of Directors, the Chairman of the Board of Directors or chief executive officer or any other executive officer of the Company to whom the Employee reports may from time to time determine. During said period, the Employee also agrees to serve, if elected, as an officer and/or director of any subsidiary or affiliate of the Company.

4. Term and Duties.

(a) The period of the Employee's employment under this Agreement shall be deemed to have commenced as of the effective date of this Agreement and shall continue for a period of 36 full calendar months thereafter.

(b) During the period of employment hereunder and except for illness or incapacity and reasonable vacation periods, the Employee's business time, attention, skill and efforts shall be exclusively devoted to the business and affairs of the Company; provided, however, that nothing in this Agreement shall preclude the Employee from devoting time during reasonable periods required for

(i) serving as a director or member of a committee of any company or organization involving no conflict of interest with the Company or any of its subsidiaries or affiliates or serving as an officer or director of and rendering services to Fitchburg Gas and Electric Light Company ("Fitchburg"),

(ii) delivering lectures and fulfilling speaking engagements, and

(iii) engaging in charitable and community activities, provided that such activities do not materially affect or interfere with the performance of the Employee's obligations to the Company.

5. Compensation.

(a) For all services rendered by the Employee in any capacity during employment under this Agreement, including services as an executive, officer, director, or member of any committee of the Company or of any subsidiary or affiliate of the Company, the Company shall pay the Employee a fixed salary at an annual rate not less than the annual rate of salary being paid to Employee immediately prior to the effective date of this Agreement. Such salary shall be subject to such periodic percentage increases after the effective date of this Agreement as the Company pays generally to the Company's senior management employees from time to time, and shall be payable in accordance with the customary payroll practices of the Company. Such periodic increases in salary, once granted, shall not be subject to revocation.

(b) In addition to the salary payable under subsection (a), above, the Company shall also pay to the Employee annual bonuses in an amount at least equal to the amount of the last payment to the Employee under any short-term incentive performance program of the Company or any subsidiary of the Company in effect during the twelve month period prior to the effective date of this Agreement. Nothing in this subsection (b) shall be deemed to require the Company to (i) have or continue an incentive performance program in effect prior to the effective date of this Agreement or (ii) award to the Employee any bonuses under such program prior to the effective date of this Agreement.

(c) Nothing in this Agreement shall preclude or affect any rights or benefits that may now or hereafter be provided for the Employee or for which the Employee may be or become eligible under any bonus or other form of compensation or employee benefit plan now existing or that may hereafter be adopted or awarded by the Company. Specifically, the Employee shall:

- (i) participate in the UNITIL Corporation Retirement Plan, the Concord Electric Company Retirement Plan or the Exeter & Hampton Electric Company Retirement Plan, depending upon which of said retirement plans the Employee was participating in immediately prior to the effective date of this Agreement, and any related excess benefit or supplemental retirement program (hereinafter referred to collectively as the "Retirement Program");
- (ii) participate in any savings or thrift plan maintained by the Company;
- (iii) participate in any stock option, stock appreciation right, equity incentive or deferred compensation plan maintained by the Company;
- (iv) participate in the Company's death benefit plans;

- (v) participate in the Company's disability benefit plans;
- (vi) participate in the Company's medical, dental and health and welfare plans; and
- (vii) participate in equivalent successor plans of the Company for which senior management employees are eligible;

provided, however, that nothing in this Agreement shall preclude the Company from amending or terminating any such plan or program, on the condition that such amendment or termination is applicable to all of the Company's senior management employees generally. For purposes of the foregoing, any plan or program maintained by any subsidiary of the Company which is made available to the senior management of the Company and its subsidiaries taken as a whole, shall be deemed to be a plan or program maintained by the Company.

6. Business Expenses. The Company shall pay or reimburse the Employee for all reasonable travel or other expenses incurred in connection with the performance of the Employee's duties under this Agreement in accordance with such procedures as the Company may from time to time establish.

7. Additional Benefits. Nothing in this Agreement shall affect the Employee's eligibility to participate in all group health, dental, hospitalization, life, travel or accident or other insurance plans or programs and all other perquisites, fringe benefit or retirement plans or additional compensation, including termination pay programs, which the Company or any subsidiary of the Company may hereafter, in their sole and absolute discretion, elect to make available to the senior management employees of the Company generally, and the Employee shall be eligible to receive, during the period of employment under this Agreement, all benefits and emoluments for which key employees are eligible under every such plan, program, perquisite or arrangement to the extent permissible under the general terms and provisions thereof.

8. Termination of Employment. Notwithstanding any other provision of this Agreement, the Employee's employment under this Agreement may be terminated:

(a) by the Company, in the event of the Employee's conviction for the commission of a felony or in the event of the Employee's fraud or dishonesty which has resulted or is likely to result in material economic damage to the Company or any of its subsidiaries, as determined in good faith by the Directors of the Company at a meeting of the Board of Directors at which the Employee is provided an opportunity to be heard;

(b) by either the Company or the Employee, if the Employee accepts employment or a consulting position with another company (provided, that the foregoing shall not apply with respect to Fitchburg);

(c) by the Employee, if he determines in good faith that there has been any (i) material change by the Company of the Employee's functions, duties or responsibilities which change would cause the Employee's position with the Company to *become of less dignity, responsibility, importance, prestige or scope from that* described in paragraph 3 above, including, without limitation, a diminution in perquisites to which the Employee is currently entitled, such as office size and status, and secretarial and clerical staff, (ii) assignment or reassignment by the Company of the Employee to another place of employment more than 50 miles from the Employee's current place of employment, (iii) liquidation, dissolution, consolidation or merger of the Company, or transfer of all or substantially all of its assets, other than a transaction in which a successor corporation with a net worth at least equal to that of the Company assumes this Agreement and all obligations and undertakings of the Company hereunder, (iv) reduction in the Employee's total compensation or any component thereof, as specified in paragraph 5 above, except as part of a salary reduction program affecting the management employees of the Company

and its subsidiaries generally, or (v) other material breach of this Agreement by the Company, by written notice to the Company, specifying the event relied upon for such termination and given at any time within 1 year after the occurrence of such event; or

(d) by the Employee, if there is a termination of the Service Agreement by and between the Company and UNITIL Service Corp. ("UNITIL Service") dated as of January 23, 1985 (the Service Agreement); or

(e) by the Company upon the Disability or death of the Employee. For purposes of this Agreement, the term "Disability" is defined as the inability of the Employee to engage in his regular occupation for 12 consecutive months and the inability thereafter to engage in any occupation in which the Employee could reasonable expect to engage giving due consideration to Employee's education, training and experience. The Employee must be under the regular medical care of a physician in connection with treatment for Disability.

9. Payments Upon Termination of Employment.

(a) In the event of any termination of the Employee's employment hereunder (i) by the Employee pursuant to paragraph 8(c) and 8(d) above, or (ii) by the Company for any reason other than one of those specified in paragraph 8(a), 8(b) or 8(e), above, then, within 5 business days after any such termination (except as provided In paragraph 9(a)(iv)(2)) the Company shall pay to the Employee the following amounts, and shall provide the Employee and the dependents, beneficiaries and estate of the Employee with the following, as liquidated damages or severance pay, or both:

(i) A lump sum cash amount equal to the present value of the product obtained by multiplying (1) the monthly amount of the salary and one-twelfth the annual bonus provided for in paragraphs 5(a) and 5(b) above,

which was being paid by the Company to the Employee at the time of such termination, by (2) 36;

(ii) A lump sum cash amount equal to the present value of the excess of (1) the aggregate benefit that would have been paid under the Retirement Program described in paragraph 5(c)(i), above, as in effect on the date of this Agreement, if the Employee had continued to be employed and to be entitled to service credit for eligibility and benefit purposes during the 36-month period immediately following such termination, over (2) the aggregate benefit actually payable under the Retirement Program and any successor retirement program of the Company. For purposes of such calculation, the following assumptions shall apply: (1) that the Employee would continue to be compensated during the 36 month period following termination at an annual rate of compensation equal to that used to calculate the payments provided by paragraph 9(a) above, calculated on the basis of the compensation amount used in the benefit formula under the Retirement Program; (2) that the Employee is fully vested in the benefit payable under the Retirement Program; and (3) that the aggregate benefit that would have been paid under the Retirement Program is as of either the normal or early retirement date for which the Employee would have qualified, if the Employee were still employed on that date, whichever would produce the highest present value amount payable under this paragraph; and (4) that for purposes of the calculation of the lump sum cash amount as described herein it will be assumed that the Employee would receive aggregate retirement benefits for a period to be determined by an actuarial analysis in accordance with the standard assumptions used in providing annual funding for the Company's normal Retirement Program.

(iii) A lump sum cash amount equal to the present value of the contributions which would have been made by the Company or any subsidiary of the Company to the Employee's account pursuant to any savings or thrift plan maintained by the Company or any subsidiary of the Company in which the Employee was participating immediately prior to such termination, calculated as if the Employee had continued to be employed and to be entitled to such contributions during the 36-month period immediately following such termination, at a rate of contribution equal to that made by the Company or any subsidiary of the Company during the most recent contribution period preceding such termination; and

(iv) A lump sum cash amount equal to (1) the economic benefit that the Employee would have received on any outstanding Company stock options, including any associated dividend equivalents, assuming such options remained unexercised until the day preceding the expiration of the grant on such options, based on assumptions determined by the Compensation Committee upon advice of an independent financial advisor and (2) the spread on any Company stock options which would have been granted to the Employee during the 36-month period immediately following such termination. For purposes of paragraph 9(a)(iv)(2) hereof, the following assumptions shall apply:

(1) that the Employee continued to be employed during such 36-month period, and (2) if such termination occurs prior to the first grant of options to the Employee in calendar year 1990, that the Employee would have received a grant of options to purchase the number of shares which the Employee is entitled to purchase under the option or options that the Employee received in calendar year 1989, and, if such termination occurs thereafter, that the Employee would have continued receiving annual grants of options to purchase a number of shares of the Company's common stock

equal to the number of shares which the Employee is entitled to purchase under the option or options that the Employee received in the calendar year in which the Employee last received options to purchase Company common stock (assuming such options are exercisable in full and excluding options granted in calendar year 1989 and 1990), and calculated on the assumption that such options were granted to the Employee at the beginning of each calendar year during such 36-month period at the same time and at the same exercise price as the option to purchase Company common stock which is first granted to any other senior executive of the Company during each such year; provided, however, that if the Employee was granted an option to purchase Company common stock during the calendar year in which his employment terminates and prior to such termination of employment, no additional payments shall be made to him under this paragraph 9(a)(iv)(2) with respect to such calendar year; further provided, that for purposes of this paragraph 9(a)(iv)(2), the spread shall be calculated based on the closing price of the Company's common stock on the last business day of such 36-month period; and further provided, that if such 36-month period does not end with the month of December, the payment to the Employee under this paragraph 9(a)(iv)(2) with respect to the calendar year in which such 36-month period ends shall be multiplied by a fraction, the numerator of which is the number of months of the 36-month period in such year and the denominator of which is twelve. Any payment to the Employee under this paragraph 9(a)(iv)(2) shall be made within 5 business days after the expiration of such 36-month period unless delayed pursuant to the following paragraph. For purposes of this paragraph 9, the term "spread" means the excess, if any, of the closing price on a national stock exchange (or if the stock is no longer traded on a national stock exchange, any regional or

over-the-counter exchange on which it is traded) of the Company's stock multiplied by the number of the shares of Company common stock subject to a stock option, over the option exercise price for such option.

Notwithstanding anything to the contrary in this paragraph 9(a)(iv)(2), if as of the applicable calculation date, the Company's common stock is no longer traded on any national, regional or over-the-counter stock exchange, the fair market value of the Company's common stock for purposes of determining the amount of spread shall be the amount agreed to by the Employee and the Company. However, if the Employee and the Company are not able to agree on a fair market value within 10 days after the date payment is due to be made to the Employee under this paragraph 9(a)(iv)(2), the fair market value of a share of the Company's common stock shall be determined by a qualified and independent appraiser selected by the Assistant Regional Director of the American Arbitration Association or his delegate. Such appraiser shall deliver its final report to the Company and the Employee immediately upon completion. The determination of the appraiser shall be final and binding on all parties and shall include interest on such amount computed from the date payment is due at such rate as determined by the arbitrator. Any payment to the Employee under paragraph 9(a)(iv)(2), which was delayed pending such appraisal, shall be made within 5 business days after the appraiser delivers its report to the Company and the Employee. All fees, costs and expenses associated with such appraisal (including those of the arbitrator) shall be paid by the Company.

(b) For purposes of calculating the lump sum cash payments provided by paragraphs 9(a)(i) through (iv), above, present value shall be determined by using a discount factor equal to one percentage point below the Prime Rate, compounded

annually. The "Prime Rate" shall be the base rate on corporate loans at large U.S. money center commercial banks as reported in The Wall Street Journal (or, if such rate is no longer published, such other base rate on corporate loans by large money center commercial banks in the United States to their most credit-worthy customers as published by any newspaper or periodical of general circulation) as of the date on which termination shall have occurred.

(c) For a period of 36 months (commencing with the month in which termination shall have occurred), the Employee shall continue to be entitled to all employee benefits provided for in paragraphs 5(c)(iv) through (vi), above, as if the Employee were still employed during such period under this Agreement, with benefits based upon the compensation used to calculate the payments provided by paragraph 9(a) above, and if and to the extent that such benefits shall not be payable or provided under any such plan, the Company shall pay or provide such benefits on an individual basis. The benefits provided for in paragraph 5(c)(vi), above, in accordance with this paragraph 9(c) shall be secondary to any comparable benefits provided by another employer.

(d) Notwithstanding the termination of the Employee, in the event a Change in Control occurs prior to a vote of the shareholders of the Company on the approval of the UNTIL Stock Option Plan, as approved by the Board of Directors of the Company on January 17, 1989, then, within 5 business days of such Change in Control, the Company shall pay to the Employee a lump sum cash amount equal to the economic benefit that the Employee would have received on any Company stock options granted subject to shareholder approval, had the shareholders approved such Plan, including any associated dividend equivalents, assuming that the options remained unexercised until the day preceding the expiration of such grants as though the shareholders approved such plan, based on assumptions determined by the Compensation Committee upon the advice of an independent financial advisor.

(e) (i) In the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (or any successor thereto) or comparable state or local tax or any interest or penalties with respect to such excise tax or comparable state or local tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the Employee shall be entitled to receive an additional payment (a "Gross-Up Payment"). The Gross-Up Payment shall be equal to the sum of the Excise Tax and all taxes (including any interest or penalties imposed with respect to such taxes) imposed upon the Gross-Up Payment.

(ii) If the Employee determines that a Gross-Up Payment is required, the Employee shall so notify the Company in writing, specifying the amount of Gross-Up Payment required and details as to the calculation thereof. The Company shall within 30 days either pay such Gross-Up Payment (net of applicable wage withholding) to the Employee or furnish an unqualified opinion from Independent Tax Counsel (as defined below), addressed to the Employee and the Company, that there is substantial authority (within the meaning of section 6661 of the Code) for the position that no Gross-Up Payment is required. "Independent Tax Counsel" means a lawyer with expertise in the area of executive compensation tax law, who shall be selected by the Employee and shall be reasonably acceptable to the Company, and whose fees and disbursements shall be paid by the Company.

(iii) If the Internal Revenue Service or other tax authority proposes in writing an adjustment to the income tax of the Employee which would result in a Gross-Up Payment, the Employee shall promptly notify the company in writing and shall refrain for at least thirty days after giving such notice, if so permitted by law,

from paying any tax (including interest, penalties and additions to tax) asserted to be payable as a result of such proposed adjustment. Before the expiration of such period, the Company shall either pay the Gross-Up Payment or provide an opinion from Independent Tax Counsel to the Employee and the Company as to whether it is more likely than not that the proposed adjustment would be successfully challenged if the matter were to be litigated. If the opinion provides that a challenge would be more likely than not to be successful if the issue were litigated, and the Company requests in writing that the Employee contest such proposed adjustment, then the Employee shall contest the proposed adjustment and shall consult in good faith with the Company with respect to the nature of all action to be taken in furtherance of the contest of such proposed adjustment; provided that the Employee, after such consultation with the Company, shall determine in his sole discretion the nature of all action to be taken to contest such proposed adjustment, including (A) whether any such action shall initially be by way of judicial or administrative proceedings, or both, (B) whether any such proposed adjustment shall be contested by resisting payment thereof or by paying the same and seeking a refund thereof, and (C) if the Employee shall undertake judicial action with respect to such proposed adjustment, the court or other judicial body before which such action shall be commenced and the court or other judicial body to which any appeals should be taken. The Employee agrees to take appropriate appeals of any judicial decision that would require the Company to pay a Gross-Up Payment, provided the Company requests in writing that the Employee do so and provides an opinion from Independent Tax Counsel to the Employee and the Company that it is more likely than not that the appeal would be successful. The Employee further agrees to settle, compromise or otherwise terminate a contest with the Internal Revenue Service or other tax authority with respect to all or a portion of the proposed adjustment giving rise to the Gross-Up Payment, if requested by the Company in writing to do so at any time, in which case the Employee

shall be entitled to receive from the Company the Gross-Up Payment. In no event shall the Employee compromise or settle all or any portion of a proposed adjustment which would result in a Gross-Up Payment without the written consent of the Company.

The Employee shall not be required to take or continue any action pursuant to this paragraph 9(e) unless the Company acknowledges its liability under this Agreement in the event that the Internal Revenue Service or other tax authority prevails in the contest. The Company hereby agrees to indemnify the Employee in a manner reasonably satisfactory to the Employee for any fees, expenses, penalties, interest or additions to tax which the Employee may incur as a result of contesting the validity of any Excise Tax and to pay the Employee promptly upon receipt of a written demand therefor all costs and expenses which the Employee may incur in connection with contesting such proposed adjustment (including reasonable fees and disbursements of Independent Tax Counsel); provided, however, that the Company shall not be required to pay any amount necessary to permit the Employee's institution of a claim for refund under this paragraph 9(e)(iii).

If the Employee shall have contested any proposed adjustment as above provided, and for so long as the Employee shall be required under the terms of this paragraph 9(e)(iii) to continue such contest, the Company shall not be required to pay a Gross-Up Payment until there occurs a Final Determination (as defined below) of the liability of the Employee for the tax and any interest, penalties and additions to tax asserted to be payable as a result of such proposed adjustment. A "Final Determination" shall mean (A) a decision, judgment, decree or other order by any court of competent jurisdiction, which decision, judgment, decree or other order has become final after all allowable appeals by either party to the action have been exhausted, the time for filing such appeal has expired or the Company has no right under the terms hereof to request an appeal, (ii) a closing agreement entered into under section 7121 of the code or any other settlement agreement entered into in

connection with an administrative or judicial proceeding and with the consent of the Company, or (iii) the expiration of the time for instituting a claim for refund, or if such a claim was filed, the expiration of the time for instituting suit with respect thereto.

(iv) In the event the Employee receives any refund from the Internal Revenue Service or other tax authority on account of an overpayment of Excise Tax, such amount and interest attributable thereto shall be promptly paid by the Employee to the Company.

10. Source of Payments. All payments provided for in paragraphs 5, 6, 7 and 9 shall be paid in cash from the general funds of the Company and its subsidiaries. The Company shall not be required to establish a special or separate fund or other segregation of assets to assure such payments.

11. Litigation Expenses. In the event of any litigation or other proceeding between the Company and the Employee with respect to the subject matter of this Agreement and the enforcement of rights hereunder, the Company shall reimburse the Employee for all reasonable costs and expenses relating to such litigation or other proceeding as they are incurred, including reasonable attorneys fees and expenses, regardless of whether such litigation results in any settlement or judgment or order in favor of any party; provided, however, that any claim or action initiated by the Employee relating to this Agreement shall have been made or brought after reasonable inquiry and shall be well grounded in fact and warranted by existing law or a good faith argument for the extension, modification, or reversal of existing law, and that it is not interposed for any improper purpose, such as to harass or to cause unnecessary delay or needless increase in the cost of litigation.

Notwithstanding any provision of New Hampshire law to the contrary, in no event shall the Employee be required to reimburse the Company for any of the costs and expenses relating to such litigation or other proceeding. The obligation of the

Company under this paragraph 11 shall survive the termination for any reason of this Agreement (whether such termination is by the Company, by the Employee, upon the expiration of this Agreement or otherwise).

12. Income Tax Withholding. The Company may withhold from any payments made under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

13. Entire Understanding. This Agreement contains the entire understanding between the Company and the Employee with respect to the subject matter hereof and supersedes any prior employment agreement between the Company and the Employee, except that this Agreement shall not affect or operate to reduce any benefit or compensation inuring to the Employee of a kind elsewhere provided and not expressly provided for in this Agreement.

14. Severability. If, for any reason, any one or more of the provisions or part of a provision contained in this Agreement shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Agreement not held so invalid, illegal or unenforceable, and each other provision or part of a provision shall to the full extent consistent with law continue in full force and effect. If this Agreement is held invalid or cannot be enforced, then to the full extent permitted by law any prior agreement between the Company and the Employee shall be deemed reinstated as if this Agreement had not been executed.

15. Consolidation, Merger, or Sale of Assets.
Nothing in this Agreement shall preclude the Company from consolidating or merging into or with, or transferring all or substantially all of its assets to, another corporation with a net worth at least equal to that of the Company and which assumes this Agreement and all obligations and undertakings of the Company hereunder. Upon such a consolidation, merger or transfer of assets and assumption, the term "the

Company", as used herein shall mean such other corporation and this Agreement shall continue in full force and effect.

16. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be given in writing and shall be deemed to have been duly given if delivered or mailed, postage prepaid, first class as follows:

(a) to the Company:

UNITIL Corporation
216 Epping Road
Exeter, New Hampshire 03833
Attention: Secretary

(b) to the Employee:

at the address set forth at the beginning
of this Agreement

or to such other address as either party shall have previously specified in writing to the other.

17. No Attachment. Except as required by law, no right to receive payments under this Agreement shall be subject to anticipation, commutation, alienation, sale assignment, encumbrance, charge, pledge, or hypothecation or to execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect.

18. Binding Agreement. This Agreement shall be binding upon, and shall inure to the benefit of, the Employee and the Company and their respective permitted successors and assigns.

19. Modification and Waiver. This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be


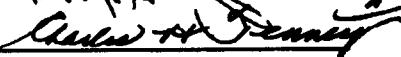
any estoppel against the enforcement of any provision of this Agreement except by written instrument signed by the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than that specifically waived.

20. Headings of No Effect. The paragraph headings contained in this Agreement are included solely for convenience of reference and shall not in any way affect the meaning or interpretation of any of the provisions of this Agreement.



21. Governing Law. This Agreement and its validity, interpretation, performance, and enforcement shall be governed by the laws of the State of New Hampshire, without giving effect to the choice of law provisions in effect in such State.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its officers thereunto duly authorized, and the Employee has signed this Agreement, all as of the date first above written.

UNITIL CORPORATION

By: 


UNITIL SERVICE CORP.

By: 


Employee

UNITIL CORPORATION
SEVERANCE AGREEMENT

THIS AGREEMENT, dated this 14th day of December, 2000, made effective as of the date on which a Change in Control (as defined in paragraph 2) occurs, by and among Unitil Corporation ("Unitil"), a New Hampshire corporation, Unitil Service Corp., a New Hampshire corporation and a wholly-owned subsidiary of Unitil ("Subsidiary") (Unitil and Subsidiary are herein referred to collectively as the "Company") and xxxxxxxxxx having an address at xxxxxxxxxxxxxxxx (the "Employee").

W I T N E S S E T H A T:

WHEREAS, the Employee is an employee of the Company and an integral part of its management who participates in the decision making process relative to short and long-term planning and policy for the Company;

WHEREAS, the Board of Directors of Unitil, determined that it would be in the best interests of Unitil, its shareholders and the Employee to assure continuity in the management of the Company's administration and operations in the event of a Change in Control by entering into an employment agreement to retain the services of the Employee, and the Board of Directors of Subsidiary, made the same determination; and

NOW, THEREFORE, it is hereby agreed by and between the parties hereto as follows:

1. **Employment.** The Company agrees to continue the Employee in its employ and the Employee agrees to remain in the employ of the Company for the period stated in paragraph 4 hereof and upon the terms and conditions herein provided.

2. **Change in Control.** The term, "Change in Control," shall mean the occurrence of any of the following:

(a) Unitil receives a report on Schedule 13D filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of

1934, as amended (hereinafter referred to as the "Exchange Act"), disclosing that any person, group, corporation or other entity is the beneficial owner, directly or indirectly, of twenty-five percent or more of the outstanding common stock of Unitil;

(b) any person (as such term is defined in Section 13(d) of the Exchange Act), group, corporation or other entity other than Unitil or a wholly-owned subsidiary of Unitil, purchases shares pursuant to a tender offer or exchange offer to acquire any common stock of Unitil (or securities convertible into common stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person, group, corporation or other entity in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of twenty-five percent or more of the outstanding common stock of Unitil (calculated as provided in paragraph (d) of Rule 13D-3 under the Exchange Act in the case of rights to acquire common stock);

(c) the stockholders of Unitil approve (i) any consolidation or merger of Unitil in which Unitil is not the continuing or surviving corporation or pursuant to which shares of common stock of Unitil would be converted into cash, securities or other property (except where Unitil shareholders before such transaction will be the owners of more than 75% of all classes of voting stock of the surviving entity), or (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of Unitil; or

(d) there shall have been a change in a majority of the members of the Board of Directors of Unitil within a 25 month period unless the election or nomination for election by the Unitil's stockholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the 25 month period.

Should the Change in Control be stockholder approval under paragraph 2(c) and if the Board of Directors of Unitil determines the approved transaction will not be

completed and is abandoned prior to any termination of the Employee's employment, a Change in Control shall no longer be in effect and the provisions of this Agreement shall continue in the effect as if a Change in Control had not occurred.

3. Position and Responsibilities. During the period of employment hereunder, the Employee agrees to serve the Company in an executive capacity. Such service shall involve duties and responsibilities at least equal in importance and scope to those of the Employee's position immediately prior to the effective date of this Agreement, as the Board of Directors, the Chairman of the Board of Directors or chief executive officer or any other executive officer of the Company to whom the Employee reports may from time to time determine. During said period, the Employee also agrees to serve, if elected, as an officer and/or director of any subsidiary or affiliate of the Company.

4. Term and Duties.

(a) The period of the Employee's employment under this Agreement shall be deemed to have commenced as of the effective date of this Agreement and shall continue for a period of 24 full calendar months thereafter.

(b) During the period of employment hereunder and except for illness or incapacity and reasonable vacation periods, the Employee's business time, attention, skill and efforts shall be exclusively devoted to the business and affairs of the Company; provided, however, that nothing in this Agreement shall preclude the Employee from devoting time during reasonable periods required for

(i) serving as a director or member of a committee of any company or organization involving no conflict of interest with the Company or any of its subsidiaries or affiliates,

(ii) delivering lectures and fulfilling speaking engagements, and

(iii) engaging in charitable and community activities, provided that such activities do not materially affect or interfere with the performance of the Employee's obligations to the Company.

5. Compensation.

(a) For all services rendered by the Employee in any capacity during employment under this Agreement, including services as an executive, officer, director, or member of any committee of the Company or of any subsidiary or affiliate of the Company, the Company shall pay the Employee a fixed salary at an annual rate not less than the annual rate of salary being paid to Employee immediately prior to the effective date of this Agreement. Such salary shall be subject to such periodic percentage increases after the effective date of this Agreement as the Company pays generally to the Company's senior management employees from time to time, and shall be payable in accordance with the customary payroll practices of the Company. Such periodic increases in salary, once granted, shall not be subject to revocation.

(b) In addition to the salary payable under subsection (a), above, the Company shall provide to the Employee a bonus opportunity not less than the bonus opportunity in effect for the year in which the effective date of this Agreement occurs and in any event shall pay to the Employee annual bonuses in an amount at least equal to the amount of the last payment to the Employee under any short-term incentive performance program of the Company or any subsidiary of the Company in effect during the twelve month period prior to the effective date of this Agreement. Nothing in this subsection (b) shall be deemed to require the Company to (i) have or continue an incentive performance program in effect prior to the effective date of this Agreement or (ii) award to the Employee any bonuses under such program prior to the effective date of this Agreement.

(c) Nothing in this Agreement shall preclude or affect any rights or benefits that may now or hereafter be provide for the Employee or of which the Employee may be or become eligible under any bonus or other form of compensation or employee benefit plan now existing or that may hereafter be adopted or awarded by the Company. Specifically, the Employee shall:

(i) participate in the Unitil Corporation Retirement Plan, the Concord Electric Company Retirement Plan, the Exeter & Hampton Electric Company Retirement Plan or Fitchburg Gas and Electric Light Company Retirement Plan depending upon which of said retirement plans the EMPLOYEE was participating in immediately prior to the effective date of this Agreement and any related excess benefit or supplemental retirement program (hereinafter referred to collectively as the "Retirement Program");

(ii) participate in any savings or thrift plan maintained by the Company;

(iii) participate in any stock option, stock appreciation right, equity incentive or deferred compensation plan maintained by the Company;

(iv) participate in the Company's death benefit plans;

(v) participate in the Company's disability benefit plans;

(vi) participate in the Company's medical, dental and health and welfare plans; and

(vii) participate in equivalent successor plans of the Company for which senior management employees are eligible;

provided, however, that nothing in this Agreement shall preclude the Company from amending or terminating any such plan or program, on the condition that such amendment or termination is applicable to all of the Company's senior management employees generally. For purposes of the foregoing, any plan or program maintained by any subsidiary of the Company which is made available to the senior management of the Company and its subsidiaries taken as a whole, shall be deemed to be a plan or program maintained by the Company.

6. Business Expenses. The Company shall pay or reimburse the Employee for all reasonable travel or other expenses incurred in connection with the performance of

the Employee's duties under this Agreement in accordance with such procedures as the Company may from time to time establish.

7. Additional Benefits. Nothing in this Agreement shall affect the Employee's eligibility to participate in all group health, dental, hospitalization, life, travel or accident or other insurance plans or programs and all other perquisites, fringe benefit or retirement plans or additional compensation, including termination pay programs, which the Company or any subsidiary of the Company may hereafter, in their sole and absolute discretion, elect to make available to the senior management employees of the Company generally, and the Employee shall be eligible to receive, during the period of employment under this Agreement, all benefits and emoluments for which key employees are eligible under every such plan, program, perquisite or arrangement to the extent permissible under the general terms and provisions thereof.

8. Termination of Employment. Notwithstanding any other provision of this Agreement, the Employee's employment under this Agreement may be terminated:

(a) by the Company, in the event of the Employee's conviction for the commission of a felony or in the event of the Employee's fraud or dishonesty which has resulted or is likely to result in material economic damage to the Company or any of its subsidiaries, as determined in good faith by the Directors of the Company at a meeting of the Board of Directors at which the Employee is provided an opportunity to be heard;

(b) by either the Company or the Employee, if the Employee accepts employment or a consulting position with another company;

(c) by the Employee, if there has been any (i) material demotion in the position held with the Company which demotion would cause the Employee's position with the Company to become of less dignity, responsibility, importance, prestige or scope from that described in paragraph 3 above, including, without limitation, a change from being a senior officer of a publicly held company or a diminution in perquisites to which the Employee is currently entitled, such as office size and status, and secretarial

and clerical staff, but excluding for this purpose, changes to individuals, groups, positions, or divisions which report to the Employee or the person or persons to whom the Employee reports, (ii) assignment or reassignment by the Company of the Employee to another place of employment more than 50 miles from the Employee's current place of employment, (iii) liquidation, dissolution, consolidation or merger of the Company, or transfer of all or substantially all of its assets, other than a transaction in which a successor corporation with a net worth at least equal to that of the Company assumes this Agreement and all obligations and undertakings of the Company hereunder, (iv) reduction in the Employee's total compensation or any component thereof (for purposes of determining whether there has been a reduction in the value of option awards, such determination shall be based on the average value of prior option awards made to the Employee under the Company's option plan in effect on the effective date of this Agreement as valued by an independent financial adviser using the Black Scholes valuation method with assumptions determined by such adviser consistently applied), as specified in paragraph 5 above, except as part of a salary reduction program affecting the management employees of the Company and its subsidiaries generally, or (v) other material breach of this Agreement by the Company, provided, however, no event specified in this paragraph 8(c) shall allow the Employee to terminate employment unless the Employee has given written notice to the Company, specifying the event relied upon for such termination within one year after the occurrence of such event and the Company has not remedied such within 30 days receipt of such notice; or

(d) by the Employee, if there is a termination of the Service Agreement by and between the Company and Unitil Service Corp. ("UNITIL Service") dated as of January 23, 1985, as amended (the Service Agreement); or

(e) by the Company upon the Disability or delay of the Employee. For purposes of this Agreement, the term "Disability" is defined as the inability of the

Employee to engage in his regular occupation for 12 consecutive months and the inability thereafter to engage in any occupation in which the Employee could reasonable expect to engage giving due consideration to Employee's education, training and experience. The Employee must be under the regular medical care of a physician in connection with treatment for Disability.

9. Payments Upon Termination of Employment.

(a) In the event of any termination of the Employee's employment hereunder (i) by the Employee pursuant to paragraph 8(c) above, or (ii) by the Company for any reason other than one of those specified in paragraph 8(a), 8(b) or 8(d), above, then, within 5 business days after any such termination (except as provided in paragraph 9(a)(iv)(2)) the Company shall pay to the Employee the following amounts, and shall provide the Employee and the dependents, beneficiaries and estate of the Employee with the following, as liquidated damages or severance pay, or both:

(i) a lump sum cash amount equal to the present value of the product obtained by multiplying (1) the monthly amount of the salary and one-twelfth the annual bonus provided for in paragraphs 5(a) and 5(b) above, which was being paid by the Company to the Employee at the time of such termination, by (2) 24;

(ii) A lump sum cash amount equal to the present value of the excess of (1) the aggregate benefit that would have been paid under the Retirement Program described in paragraph 5(c)(i), above, as in effect on the date of this Agreement, if the Employee had continued to be employed and to be entitled to service credit for eligibility and benefit purposes during the 24-month period immediately following such termination, over (2) the aggregate benefit actually payable under the Retirement Program and any successor retirement program of the Company. For purposes of such calculation, the following assumptions shall apply: (1) that the Employee would continue to be compensated during the 24 month period following termination at an annual rate of compensation equal to that used to calculate the

payments provided by paragraph 9(a) above, calculated on the basis of the compensation amount used in the benefit formula under the Retirement Program; (2) that the Employee is fully vested in the benefit payable under the Retirement Program; and (3) that the aggregate benefit that would have been paid under the Retirement Program is as of either the normal or early retirement date for which the Employee would have qualified, if the Employee were still employed on that date, whichever would produce the highest present value amount payable under this paragraph; and (4) that for purposes of the calculation of the lump sum cash amount as described herein it will be assumed that the Employee would receive aggregate retirement benefits for a period to be determined by an actuarial analysis in accordance with the standard assumptions used in providing annual funding for the Company's normal Retirement Program.

(iii) A lump sum cash amount equal to the present value of the contributions which would have been made by the Company or any subsidiary of the Company to the Employee's account pursuant to any savings or thrift plan maintained by the Company or any subsidiary of the Company in which the Employee was participating immediately prior to such termination, calculated as if the Employee had continued to be employed and to be entitled to such contributions during the 24-month period immediately following such termination, at a rate of contribution equal to that made by the Company or any subsidiary of the Company during the most recent contribution period preceding such termination; and

(iv) A lump sum cash amount equal to the economic benefit that the Employee would have received on any outstanding Company stock options which on the date of employment termination are not vested or are not exercisable, including any associated dividend equivalents, assuming such options remained unexercised until the day preceding the expiration of the grant on such options, based on assumptions determined by the Compensation Committee upon advice of an independent financial advisor.

(b) For purposes of calculating the lump sum cash payments provided by paragraphs 9(a)(i) through (iv), above, present value shall be determined by using a discount factor equal to one percentage point below the Prime Rate, compounded annually. The "Prime Rate" shall be the base rate on corporate loans at large U.S. money center commercial banks as reported in The Wall Street Journal (or, if such rate is no longer published, such other base rate on corporate loans by large money center commercial banks in the United States to their most creditworthy customers as published by any newspaper or periodical of general circulation) as of the date on which termination shall have occurred.

(c) For a period of 24 months (commencing with the month in which termination shall have occurred), the Employee shall continue to be entitled to all employee benefits provided for in paragraphs 5(c)(iv) through (vi), above, as if the Employee were still employed during such period under this Agreement, with benefits based upon the compensation used to calculate the payments provided by paragraph 9(a) above, and if and to the extent that such benefits shall not be payable or provided under any such plan, the Company shall pay or provide such benefits on an individual basis. The benefits provided for in paragraph 5(c)(vi), above, in accordance with this paragraph 9(c) shall be secondary to any comparable benefits provided by another employer.

(d) (i) In the event it shall be determined that any payment or distribution by the Company to or for the benefit of the Employee, whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise (a "Payment"), would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code") (or any successor thereto) or comparable state or local tax or any interest or penalties with respect to such excise tax or comparable state or local tax (such excise tax, together with any such interest and penalties, are hereinafter collectively referred to as the "Excise Tax"), then the

Employee shall be entitled to receive an additional payment (a "Gross-Up Payment"). The Gross-Up Payment shall be equal to the sum of the Excise Tax and all taxes (including any interest or penalties imposed with respect to such taxes) imposed upon the Gross-Up Payment.

(ii) If the Employee determines that a Gross-Up Payment is required, the Employee shall so notify the Company in writing, specifying the amount of Gross-Up Payment required and details as to the calculation thereof, the Company shall within 30 days either pay such Gross-Up Payment (net of applicable wage withholding) to the Employee or furnish an unqualified opinion from Independent Tax Counsel (as defined below), addressed to the Employee and the Company, that there is substantial authority (with the meaning of section 6661 of the Code) for the position that no Gross-Up Payment is required. "Independent Tax Counsel" mean a lawyer with expertise in the area of executive compensation tax law, who shall be selected by the Employee and shall be reasonably acceptable to the Company, and whose fees and disbursements shall be paid by the Company.

(iii) If the Internal Revenue Service or other tax authority proposes in writing an adjustment to the income tax of the Employee which would result in a Gross-Up Payment, the Employee shall promptly notify the company in writing and shall refrain for at least thirty days after giving such notice, if so permitted by law, from paying any tax (including interest, penalties and additions to tax) asserted to be payable as a result of such proposed adjustment. Before the expiration of such period, the Company shall either pay the Gross-Up Payment or provide an opinion from Independent Tax Counsel to the Employee and the Company as to whether it is more likely than not that the proposed adjustment would be successfully challenged if the matter were to be litigated. If the opinion provides that a challenge would be more likely than not to be successful if the issue were litigated, and the Company requests in writing that the Employee contest such proposed adjustment, then the Employee shall contest the

proposed adjustment and shall consult in good faith with the Company with respect to the nature of all action to be taken in furtherance of the contest of such proposed adjustment; provided that the Employee, after such consultation with the Company, shall determine in his sole discretion the nature of all action to be taken to contest such proposed adjustment, including (A) whether any such action shall initially be by way of judicial or administrative proceedings, or both, (B) whether any such proposed adjustment shall be contested by resisting payment thereof or by paying the same and seeking a refund thereof, and (C) if the Employee shall undertake judicial action with respect to such proposed adjustment, the court or other judicial body before which such action shall be commenced and the court or other judicial body to which any appeals should be taken. The Employee agrees to take appropriate appeals of any judicial decision that would require the Company to pay a Gross-Up Payment, provided the Company requests in writing that the Employee do so and provides an opinion from Independent Tax Counsel to the Employee and the Company that it more likely than not that the appeal would be successful. The Employee further agrees to settle, compromise or otherwise terminate a contest with the Internal Revenue Service or other tax authority with respect to all or a portion of the proposed adjustment giving rise to the Gross-Up Payment, if requested by the Company in writing to do so at any time, in which case the Employee shall be entitled to receive from the Company the Gross- Up Payment. In no event shall the Employee compromise or settle all or any portion of a proposed adjustment which would result in a Gross-Up Payment without the written consent of the Company.

The Employee shall not be required to take or continue any action pursuant to this paragraph 9(d) unless the Company acknowledges its liability under this Agreement in the event that the Internal Revenue Service or other tax authority prevails in the contest. The Company hereby agrees to indemnify the Employee in a manner reasonably satisfactory to the Employee for any fees, expenses, penalties, interest or additions to

tax which the Employee may incur as a result of contesting the validity of any Excise Tax and to pay the Employee promptly upon receipt of a written demand therefor all costs and expenses which the Employee may incur in connection with contesting such proposed adjustment (including reasonable fees and disbursements of Independent Tax Counsel); provided, however, that the Company shall not be required to pay any amount necessary to permit the Employee's institution of a claim for refund under this paragraph 9(d)(iii).

If the Employee shall have contested any proposed adjustment as above provided, and for so long as the Employee shall be required under the terms of this paragraph 9(d)(iii) to continue such contest, the Company shall not be required to pay a Gross-Up Payment until there occurs a Final Determination (as defined below) of the liability of the Employee for the tax and any interest, penalties and additions to tax asserted to be payable as a result of such proposed adjustment. A "Final Determination " shall mean (A) a decision, judgment, decree or other order by any court of competent jurisdiction, which decision, judgment, decree or other order has become final after all allowable appeals by either party to the action have been exhausted, the time for filing such appeal has expired or the Company has not right under the terms hereof to request an appeal, (ii) a closing agreement entered into under section 7121 of the code or any other settlement agreement entered into in connection with an administrative or judicial proceeding and with the consent of the Company, or (iii) the expiration of the time for instituting a claim for refund, or if such a claim was filed, the expiration of the time for instituting suit with respect thereto.

(iv) In the event the Employee receives any refund from the Internal Revenue Service or other tax authority on account of an overpayment of Excise Tax, such amount and interest attributable thereto shall be promptly paid by the Employee to the Company.

10. Source of Payments. All payments provided for in paragraphs 5, 6, 7 and 9 shall be paid in cash from the general funds of the Company and its subsidiaries. The Company shall not be required to establish a special or separate fund or other segregation of assets to assure such payments.

11. Litigation Expenses. The Company agrees to pay, upon written demand therefor by the Employee, all legal fees and expenses the Employee reasonably incurs as a result of any dispute or contest (regardless of the outcome thereof) by or with the Company or others regarding the validity or enforceability of, or liability under, any provision of this Agreement. The Employee agrees to repay to the Company any such fees and expenses paid or advanced by the Company if and to the extent that the Company or such others obtains a judgment or determination that the Employee's claim was frivolous or was without merit from a court of competent jurisdiction from which no appeal may be taken, whether because the time to do so has expired or otherwise. Notwithstanding any provision hereof or any other agreement, the Company may offset any other obligation it has to the Employee by the amount of such repayment.

Notwithstanding any provision of New Hampshire law to the contrary, in no event shall the Employee be required to reimburse the Company for any of the costs and expenses relating to such litigation or other proceeding. The obligation of the Company under this paragraph 11 shall survive the termination for any reason of this Agreement (whether such termination is by the Company, by the Employee, upon the expiration of this Agreement or otherwise).

12. Income Tax Withholding. The Company may withhold from any payments made under this Agreement all federal, state, city or other taxes as shall be required pursuant to any law or governmental regulation or ruling.

13. Entire Understanding. This Agreement contains the entire understanding between the Company and the Employee with respect to the subject matter hereof and supersedes any prior employment agreement between the Company and the

Employee, except that this Agreement shall not affect or operate to reduce any benefit or compensation inuring to the Employee of a kind elsewhere provided and not expressly provided for in this Agreement.

14. Mitigation. In no event shall the Employee be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any of the provisions of this Agreement.

15. Release. Prior to receipt of any payments, pursuant to paragraph 9 of this Agreement, Employee shall execute a general employment claims release of the Company in a form reasonably acceptable to the Company. The Company shall have no obligation to make any payments under this Agreement unless, and until, it receives such release.

16. Severability. If, for any reason, any one or more of the provisions or part of a provision contained in this Agreement shall be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Agreement not held so invalid, illegal or unenforceable, and each other provision or part of a provision shall to the full extent with law continue in full force and effect. If this Agreement is held invalid or cannot be enforced, then to the full extent permitted by law any prior agreement between the Company and the Employee shall be deemed reinstated as if this Agreement had not been executed.

17. Consolidation, Merger, or Sale of Assets. Nothing in this Agreement shall preclude the Company from consolidating or merging into or with, or transferring all or substantially all of its assets to, another corporation with a net worth at least equal to that of the Company hereunder. Upon such a consolidation, merger or transfer of assets and assumption, the term "the Company", as used herein shall mean such other corporation and this Agreement shall continue in full force and effect.

18. Notices. All notices, requests, demands and other communications required or permitted hereunder shall be given in writing and shall be deemed to have been duly given if delivered or mailed, postage prepaid, first class as follows:

- (a) to the Company:
Unitil Corporation
6 Liberty Lane West
Hampton, New Hampshire 03833
Attention: Corporate Secretary
- (b) to the Employee:
at the address set forth at the beginning of this Agreement or to such other address as either party shall have previously specified in writing to the other.

19. No Attachment. Except as required by law, no right to receive payment under this Agreement shall be subject to anticipation, commutation, alienation, sale assignment, encumbrance, charge, pledge, or hypothecation or to execution, attachment, levy, or similar process or assignment by operation of law, and any attempt, voluntary or involuntary, to effect any such action shall be null, void and of no effect.

20. Binding Agreement. This Agreement shall be binding upon, and shall inure to the benefit of, the Employee and the Company and their respective permitted successors and assigns.

21. Modification and Waiver. This Agreement may not be modified or amended except by an instrument in writing signed by the parties hereto. No term or condition of this Agreement shall be deemed to have been waived, nor shall there be any estoppel against the enforcement of any provision of this Agreement except by written instrument signed by the party charged with such waiver or estoppel. No such written waiver shall be deemed a continuing waiver unless specifically stated therein, and each such waiver shall operate only as to the specific term or condition waived and shall not constitute a waiver of such term or condition for the future or as to any act other than specifically waived.

22. Headings of No Effect. The paragraph headings contained in this Agreement are included solely for convenience of reference and shall not in any way affect the meaning or interpretation of any of the provisions of this Agreement.

23. Governing Law. This Agreement and its validity, interpretation, performance, and enforcement shall be governed by the laws of the State of New Hampshire, without giving effect to the choice of law provisions in effect in such State.

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its officers thereunto duly authorized, and the Employee has signed this Agreement, all as of the date first above written.

Unitil CORPORATION

By: _____

Unitil SERVICE CORP.

By: _____

Employee: _____